



Palestine Economic Policy Research Institute

Palestinian Foreign Trade in Services: Data Sources and Collection Methodology

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4. The initial draft of the study is reviewed by the scientific committee for objective content-related amendments to be added to the second draft.
5. The second draft is then submitted for evaluation in accordance with the terms of reference to two or three external academic experts specializing in the subject. Provided that there is a positive evaluation by at least two experts, the researcher is asked to review the study taking into consideration the objective recommendations of these experts.
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8. Research papers written in English are translated into Arabic and published in both languages. An executive summary in English is attached to research papers written in Arabic.

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Abstract

Trade in services is considered to be one of the fastest growing economic sectors and the highest in labor absorption. According to available data, trade in services constitutes over 20% of international trade. It comprises various activities and sectors including financial services, insurance, travel and tourism, transportation and communication, information systems, culture and public information.

Despite the considerable recent growth in trade in services, data on this sector remain insubstantial. Both developed and developing countries face difficulties in accessing data since the general characteristics of services require several measurements and continuous development in the methods and mechanisms of data collection. In the mid-nineties, the GATS agreement was one of the greatest achievements of the World Trade Organization and allowed each country to choose an appropriate method for the liberalization of trade in services. Lack of detailed data on the sector was one of the main reasons that necessitated gradual liberalization of trade in services in order to protect developing economies from unexpected shocks.

The compilation of trade in services activities and their classification is still very limited. The Palestine Central Bureau of Statistics-PCBS attempts estimations based on primary data collected from relevant bodies. The accuracy of trade in services data is an international problem but is particularly acute in Palestine as a result of irregular collation of data by the relevant Palestinian institutions. The objectives of these institutions do not coincide with national goals for data compilation and delays in publishing data reduce the value and usefulness to policy makers. Variations and discrepancies in late trade in services data increase their unreliability as a tool for the evaluation of Palestinian foreign trade policies.

This study aims to assess how various official Palestinian institutions compile and make available data on Palestinian trade in services and discusses the drawbacks of existing mechanisms. The study adopted two methods to achieve these goals. Firstly, fieldwork was used to assess the current collection of services data by a number of Palestinian institutions. Public and private sector officials were interviewed to obtain information on trade in services activities in imports and exports. Secondly, previous studies on trade in services data collection in neighboring countries such as

Egypt, Jordan and Israel were reviewed in order to benefit from their experiences. In addition, the classification mechanism and compilation system adopted by the WTO in accordance with the general agreement regarding trade in services was also reviewed.

The study demonstrates that the data collection process undertaken by various Palestinian institutions has the following problems:

- 1- The Ministry of Higher Education does not compile data on the number of Palestinian students from the WBGS who enroll in Arab and foreign higher educational institutions. The Ministry has no future plans in this area despite the need for such data to estimate total external financial flows.
- 2- The Ministry of Culture does not compile data on external Palestinian cultural activities or imported foreign cultural activities conducted by the Ministry or others despite the availability of staff and departments to conduct this task. This type of activity creates financial flows that impact the trade in services balance of the WBGS.
- 3- The Ministry of Information does not make available any data on public information activities, television or satellite. Books and publications are required to be registered but data are not compiled from this information.
- 4- Data on Palestinian pilgrims from the Ministry of Waqf & Religious Affairs is insufficient to assess their external financial value. The only figures available on pilgrims are those from the bureaus for Pilgrimage and 'Omra'. These dealt with 15,000 Palestinian pilgrims in 1998 although the number of Palestinian pilgrims traveling through Jordan that year was in excess of 85,000.
- 5- The PCBS gives insufficient attention to data on information and computer systems in spite of their growing importance.
- 6- Foreign diplomatic missions and consulates in Palestine are not committed to providing the PCBS with required data on their service activities. Although the GATS stipulated a form to cover these activities, requests for data have not been forthcoming on the grounds of security.
- 7- There are discrepancies between financial and insurance data. This is the result of inaccurate data provided by banks working in the WBGS. Although all financial institutions are legally obliged to provide full data on their activities to the Palestinian Monetary Authority, the banks have not been cooperative in this regard.

- 8- The Palestinian Border Control is not fulfilling its task to monitor the duration and purpose of movement of Palestinians, Arabs and foreigners across borders. Jordanian Bridges Security Control monitors the number of people passing on the Karameh Bridge.

In view of these facts, the following recommendations are made:

- 1- The Ministry of Higher Education should adopt a new mechanism to compile data on activities in Palestinian higher education. The GATS rule specifying an independent form covering higher education activities may be useful here. It is essential to know the number of Palestinian students abroad and how much they spend according to their specializations if the Ministry is to formulate an appropriate strategy for Palestinian higher education for 2000-2010. The development of Palestinian universities and higher education institutions needs to be enhanced to allow for private investment in this sector.
- 2- The Ministry of Culture should pay greater attention to the statistical aspect of cultural activities. There are several ministerial departments that could compile data pertaining to cultural activities both in and out of Palestine. Theatre and art groups need to provide the Ministry with detailed data on their annual external tours, which, in any case, often require Ministry assistance.
- 3- The Ministry of Information should assume an active rather than a supervisory role towards the compilation of public information activities. This requires development of the existing form concerning publications and the presence of a permanent employee at borders. Audiovisual information must also be included. The Ministry should cover all types of imported and exported information materials and their cost.
- 4- The Ministry of Waqf and Religious Affairs must investigate the dependency of Palestinian pilgrims on Jordanian companies, possibly the result of the wide gap in prices.
- 5- The Palestinian Border Control must provide sufficient data on the movements of Palestinians, Arabs and foreigners in terms of age, career, purpose, duration and destination in order to assist in supplying data on higher education, health, travel and tourism.
- 6- Data are required for the development of the Palestinian Communications Company, seen as one of the most significant economic sectors. Plans should be devised to separate the company from the Israeli communication network and to set up rules and regulations to integrate the sector regionally and internationally.

- 7- Although tourism is one of the important service sectors, little accurate and reliable data exist on foreign expenditure in tourist areas, hotels, restaurants, tourist transportation and agents. At the same time, there are no data available on Palestinian external tourism. Cooperation between the Ministry and the PCBS to cover these activities will improve services and the development of this sector and also identify activities viable for investment.
- 8- The provision of data on the volume and value of banking, financial and insurance services will help to identify the services required and the level of technology needed to develop the local banking system and expand investment, growth and job opportunities. To achieve this, the Palestinian Monetary Authority should use its position to compile data on the activities of local and foreign banks. Much of the true information on banking, especially external activities, is currently being concealed.

Whilst the availability of trade in services data is a regional and international problem rather than one confined to Palestine, the essence of these recommendations lies in the creation of appropriate and efficient mechanisms to compile data relating to Palestinian trade in services. The training of cadres abroad, particularly in the GATS rules, and coordination with neighboring countries could help the formulation of balanced policies concerning import and export of services. The WBGS have a comparative advantage in the large numbers of graduates in applied sciences who may be absorbed in information-intensive industry. However, these locally trained human resources tend to be exported in spite of the high investment made in higher education institutions in Palestine, also adding to expenditure on higher education abroad.